SASKATCHEWAN DEVELOPMENT FUND CORPORATION AND SASKATCHEWAN DEVELOPMENT FUND

2000 ANNUAL REPORT

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

BOARD OF DIRECTORS

Honourable Eric Cline, Chairperson
Honourable Keith Goulet, Vice-Chairperson
Honourable Jack Hillson

OFFICERS

Mr. Don Axtell
General Manager

Mr. John Amundson
Treasurer

Ms. Dawn Stanger
Secretary

INVESTMENT MANAGEMENT

Greystone Managed Investments Inc.

INVESTMENT CUSTODIAN
Saskatchewan Development Fund

Royal Trust

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SASKATCHEWAN DEVELOPMENT FUND CORPORATION AND SASKATCHEWAN DEVELOPMENT FUND

ANNUAL REPORT

For the Year Ended

December 31, 2000

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LETTER OF TRANSMITTAL

Regina, Saskatchewan
February 8, 2001

To Her Honour
The Honourable Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the annual reports of the Saskatchewan Development Fund Corporation and the Saskatchewan Development Fund for the year ended December 31, 2000, in accordance with **The Saskatchewan Development Fund Act, 1974**. The financial statements are in the form approved by the Treasury Board and have been reported on by the Corporation's auditors.

I have the honour to be, Madam,

Your obedient servant,

Eric Cline
Minister Responsible
Saskatchewan Development Fund Corporation

ANNUAL REPORT

OF

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

FOR THE YEAR ENDED

DECEMBER 31, 2000

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

HISTORY AND CURRENT HIGHLIGHTS - 2000

The Saskatchewan Development Fund Corporation (the Corporation) was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund (the Fund), an open-end investment trust. The Corporation initially managed the affairs of the Saskatchewan Development Fund and in return received management fees and sales charges from the Fund in exchange for the Corporation's services.

In 1976, the Corporation expanded its operations to include an annuity business which offered several different types of annuities to the public. These annuities included term-certain annuities for those wishing to receive a retirement income, Income Averaging Annuity Contracts (IAAC's) during the period of time when these annuities were popular and general annuities for those desiring an investment vehicle with combined savings and growth potential. The Corporation has annuity liabilities extending to the year 2013, although most of the annuities matured in 1996.

The Corporation continues to manage the affairs of the Saskatchewan Development Fund although it no longer offers annuities to the public. In 1985, the Corporation moved its operations to the offices of Crown Investments Corporation of Saskatchewan (CIC) and is now administered by the Saskatchewan Development Fund Corporation's Board of Directors through the use of staff and facilities provided by CIC.

In 1988, the Corporation entered into an agreement with Greystone Managed Investments Inc. (Greystone) to provide investment counsel with respect to the Corporation's investment activities. The Corporation has provided Greystone with a statement of investment policies and guidelines which were designed to provide optimum investment returns.

At December 31, 2000, the present value of the Corporation's annuities payable is $908.2 thousand on 62 outstanding annuity contracts compared to an annuity liability of $1.0 million on 68 annuity contracts at December 31, 1999. The annuity liability and the number of contracts outstanding have decreased steadily since their highest level in 1981 when the annuity liability reached $36.7 million on more than 700 annuity contracts.

The Corporation's net earnings in 2000 of $73.0 thousand compare to net earnings in 1999 of $59.0 thousand, an increase of $14.0 thousand. The modest increase in income is due mainly to decreased administration expenses and decreased annuity interest expense. As well, interest and fund management revenue decreased due to the smaller asset base as annuities mature.

Total assets in 2000 are $3.1 million compared to $3.2 million in 1999. The Corporation's loans receivable and investments exceed the annuity liability at December 31, 2000 by more than $2.2 million. As a result, the Corporation has an adequate level of investments to provide for future obligations. A complete list of the Corporation's investments at December 31, 2000 is on page 13.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management has prepared the financial statements of the Saskatchewan Development Fund Corporation (the Corporation) in accordance with Canadian generally accepted accounting principles, consistently applied, using managements best estimates and judgements where appropriate. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which these financial statements were prepared.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfil this responsibility, the Corporation maintains appropriate systems of internal controls, policies and procedures to provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Corporation.

As appointed by Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan, E. J. C. Dudley & Co., the Corporation's external auditors, have reviewed the systems of internal control and examined the financial statements in accordance with generally accepted auditing standards in Canada to enable them to express their opinion on the financial statements. Their report appears on the following page.

The financial statements have been examined and approved by the Board of Directors.

On behalf of the Saskatchewan Development Fund Corporation,

Don Axtell
General Manager

February 8, 2001

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Development Fund Corporation as at December 31, 2000 and the statements of operations and reinvested earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Regina, Canada
January 31, 2001

Chartered Accountants

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31

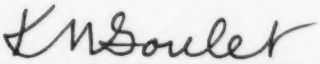
	2000	1999
ASSETS		
Current Assets		
Cash and short-term investments (Note 3)	$ 246,168	$ 106,105
Interest receivable	15,669	15,004
Mortgage receivable	-	236,497
	261,837	357,606
Capital assets (Note 4)	14,747	23,223
Investments (Note 5)	2,830,074	2,790,576
	$ 3,106,658	$ 3,171,405
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Accounts payable	$ 7,473	$ 11,743
Due to Saskatchewan Development Fund	15,319	5,687
Current portion of annuities payable (Note 6)	128,610	120,000
	151,402	137,430
Annuities payable (Note 6)	779,545	930,816
	930,947	1,068,246
Province of Saskatchewan's Equity		
Equity advances (Note 7)	1,150,000	1,150,000
Reinvested earnings	1,025,711	953,159
	2,175,711	2,103,159
	$ 3,106,658	$ 3,171,405

Contingencies (Note 8)

(See accompanying notes)

On behalf of the Board:

_____, Director



_____, Director

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF OPERATIONS AND REINVESTED EARNINGS

For the Year Ended December 31

	2000	1999
Revenue		
Investment	$ 224,910	$ 232,255
Fund management fees (Note 9)	45,722	59,981
Gain on disposition of investments	-	3,138
	270,632	295,374
Expenses		
Interest - annuities	125,200	141,191
Administrative	72,880	95,143
	198,080	236,334
Net earnings	72,552	59,040
Reinvested earnings, beginning of year	953,159	894,119
Reinvested earnings, end of year	$ 1,025,711	$ 953,159

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31

	2000	1999
Operating Activities		
Net earnings	$ 72,552	$ 59,040
Add (deduct) non-cash items:		
Amortization of discounts and premiums	(114,064)	(108,114)
Amortization of capital assets	8,476	1,102
Gain on disposition of investments	-	(3,138)
	(33,036)	(51,110)
Net change in non-cash working capital balances related to operations (Note 10)	4,697	8,850
Cash used in operating activities	(28,339)	(42,260)
Investing Activities		
Purchase of investments	(200,434)	-
Purchase of capital assets	-	(22,120)
Proceeds from sale of investments	275,000	105,096
Collection of principal on mortgages	236,497	12,449
Cash provided by investing activities	311,063	95,425
Financing Activities		
Repayment of annuities payable	(142,661)	(150,232)
Cash used in financing activities	(142,661)	(150,232)
Net increase (decrease) in cash during the year	140,063	(97,067)
Cash and short-term investments, beginning of year	106,105	203,172
Cash and short-term investments, end of year	$ 246,168	$ 106,105

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

1. Significant Accounting Policies

The Saskatchewan Development Fund Corporation's (SDFC) accounting policies are in accordance with generally accepted accounting principles. The following are considered to be significant:

a) Short-term investments

Short-term investments are carried at cost which approximates their quoted market value.

b) Amortization of capital assets

Amortization on computer equipment and computer software is calculated on a straight-line basis over three years.

c) Investments in bonds and debentures

Investments in bonds and debentures are carried at amortized cost. Discounts and premiums in excess of $1,000 are amortized to income using the straight-line method over the remaining life of the investment.

d) Fair value of short-term financial instruments

Fair value of short-term financial instruments including:

i) Cash and short-term investments
ii) Interest receivable
iii) Mortgage receivable
iv) Due to (from) Saskatchewan Development Fund
v) Accounts payable
vi) Current portion of annuities payable

the carrying amounts approximate fair value due to their immediate or short-term maturity.

2. Status of the Corporation

SDFC was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund. In 1976, the Corporation also instituted an annuity business as part of its operations. The annuity operations are reflected in these financial statements. Effective January 1, 1986, the Corporation ceased to offer new annuities to the public.

SDFC has been designated by Order-in-Council as a corporation to which the provisions of **The Crown Corporations Act, 1993** apply. Accordingly, the financial results of the Corporation are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan (CIC).

SDFC is a Provincial Crown corporation and therefore is not subject to Federal or Provincial income tax.

3. Short-term Investments

Short-term investments consist of Government of Canada treasury bills and commercial bank deposits due on or before May 10, 2001, and carry an average interest rate of 5.78%.

4. Capital Assets

	Cost	Accumulated Amortization	2000 Net Book Value	1999 Net Book Value
Computer equipment	$ 3,307	$ 3,307	$ -	$ 1,103
Computer software	22,120	7,373	14,747	22,120
	$ 25,427	$ 10,680	$ 14,747	$ 23,223

5. Investments

Description	2000 Amortized Cost	2000 Fair Value	1999 Amortized Cost	1999 Fair Value
Bonds and Debentures				
Thomson Corp. 10.550%, May 10, 2001	$ 200,068	$ 203,696	$ 200,237	$ 211,130
Canada 11.250%, Dec.15, 2002	152,890	166,275	155,813	170,175
Prince Edward Island 10.625%, Apr.18, 2004	250,000	286,750	250,000	286,875
Ontario Hydro 10.000%, May 10, 2009	400,573	406,200	400,638	420,600
Canada Zero Coupon $150,000, June 1, 2000	-	-	146,988	146,547
Canada Zero Coupon $125,000, Dec. 1, 2000	-	-	121,878	118,312
Canada Zero Coupon $75,000, June 1, 2002	70,062	69,587	66,552	64,859
Canada Zero Coupon $50,000, Dec. 1, 2002	46,338	45,152	43,736	41,834
Canada Zero Coupon $150,000, June 1, 2003	133,545	132,080	126,701	120,486
Canada Zero Coupon $125,000, Dec. 1, 2003	110,067	107,134	103,856	98,118
Canada Zero Coupon $225,000, June 1, 2005	181,580	177,343	171,709	160,578
Canada Zero Coupon $200,000, June 1, 2006	153,619	149,270	145,023	131,282
Canada Zero Coupon $175,000, June 1, 2007	127,878	123,452	120,508	106,103
Canada Zero Coupon $285,000, June 1, 2008	197,108	189,368	185,342	167,802
Canada Zero Coupon $285,000, June 1, 2009	187,206	178,615	175,657	157,383

5. Investments - continued

Description	2000 Amortized Cost	2000 Fair Value	1999 Amortized Cost	1999 Fair Value
Bonds and Debentures (continued)				
Canada Zero Coupon $280,000, June 1, 2010	174,702	165,236	163,574	145,043
Canada Zero Coupon $150,000, June 1, 2011	89,408	83,523	83,572	72,845
Canada Zero Coupon $125,000, June 1, 2012	70,817	65,576	66,056	56,910
Canada Zero Coupon $125,000, June 1, 2013	67,390	61,695	62,736	53,468
Ontario Zero Coupon $225,000, Dec. 1, 2001	216,823	213,329	-	-
Total Investments	$ 2,830,074	$ 2,824,281	$ 2,790,576	$ 2,730,350

a) Fair value of investment holdings

i) Federal and Provincial bonds, and corporate debentures

Bonds and debentures are valued at their recognized public exchange value at closing sale price on their valuation date.

ii) Mortgages

Mortgages are valued at their net present value determined by discounting future payments at current market rates.

6. Annuities Payable

	2000	1999
Annuities payable at various interest rates, repayable in monthly, quarterly, semi-annual and annual instalments until maturity	$ 908,155	$ 1,050,816
Less current portion	128,610	120,000
Long-term portion of annuities payable	$ 779,545	$ 930,816

SDFC has 62 outstanding annuities at December 31, 2000, with maturing dates ranging from 2001 to 2013. Total gross payments on remaining annuities are $1.4 million (1999 - $1.7 million) assuming all annuities run to maturity.

Fair value of annuities payable is determined by discounting future payments at current market rates. Fair value of annuities payable at December 31, 2000, is $1.2 million (1999 - $1.4 million).

Principal repayments due in the next five years are as follows:

2001	$ 128,610
2002	$ 125,512
2003	$ 120,682
2004	$ 110,490
2005	$ 101,032
Thereafter	$ 321,829

Interest Rate Risk:

The Corporation has entered into long-term investments to match maturities of annuities payable with its asset portfolio. Therefore, the Corporation's exposure to interest rate risk is insignificant.

7. Equity Advances

SDFC does not have share capital. However, SDFC has received equity advances from its parent CIC to form its equity capitalization. The advances reflect an equity investment in SDFC by CIC.

8. Contingent Liability

The Saskatchewan Development Fund Act requires that SDFC guarantee the difference between the market value of each shareholder's investment in the Saskatchewan Development Fund (the Fund) upon redemption and the value of the shareholder's original investment (net of initial sales charges) including accrued interest on the investment at an annual rate of 5%. This guarantee applies only if the market value of the shareholder's investment is lower than the guaranteed amount.

The guarantee liability under this provision throughout 2000 did not exceed the market value of any investment redeemed in the current year. Therefore, SDFC did not pay any amounts to the Saskatchewan Development Fund's redeemed shareholders in 2000 under this provision.

9. Fund Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1¼% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

10. Net Change in Non-Cash Working Capital Balances Related to Operations

	2000	1999
(Increase) decrease in interest receivable	$ (665)	$ 2,420
Decrease in due from Saskatchewan Development Fund	-	1,014
Decrease in accounts payable	(4,270)	(271)
Increase in due to Saskatchewan Development Fund	9,632	5,687
	$ 4,697	$ 8,850

11. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

SDFC paid CIC $49,474 (1999 - $60,013) for accounting and technical services and lease of space under agreements between SDFC and CIC.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

ANNUAL REPORT TO THE SHAREHOLDERS

OF

SASKATCHEWAN DEVELOPMENT FUND

FOR THE YEAR ENDED

DECEMBER 31, 2000

SASKATCHEWAN DEVELOPMENT FUND

HISTORY AND CURRENT HIGHLIGHTS - 2000

The Saskatchewan Development Fund (the Fund) was established in 1974 as an open-end investment trust (mutual fund) under **The Saskatchewan Development Fund Act**. Over the years, the Fund offered five types of investment accounts to the public. These were registered retirement savings plans (RRSP's), registered home ownership savings plans (RHOSP's), deferred profit sharing plans (DPSP's), registered retirement income funds (RRIF's) and regular shareholder accounts. Currently, the Fund administers only RRSP's and regular shareholder accounts.

In 1983, the Fund discontinued the sale of new shares to the public and became a discontinued open-end mutual fund. Since 1983, administration of the Fund has been focused on meeting the expectations of the Fund's clientele and on the orderly wind-down of the Fund's operations. During 1994, the Corporation engaged Royal Trust to act as custodian of the Fund's investments for a fee. All of the Fund's investments are in Royal Trust's custody.

The Fund experienced an increase in share value during 2000. The Fund's share value closed 2000 at $9.73 per share, compared to $9.09 per share at December 31, 1999. The increase in value of the fund shares is due to an increase in unrealized appreciation of the Fund's investments.

The Fund's earnings decreased $22.3 thousand (or 9.1%) in 2000 to $223.7 thousand from $246.0 thousand in 1999. The decrease is due to the Fund's diminishing client base. The Fund's return to investors increased by 3.1 cents per share in 2000 over the same period in 1999. During 2000, the Fund provided an 11.16 % rate of return to the shareholders compared to a three year average return of 7.33% and a five year average return of 9.43%.

The net assets of the Fund at December 31, 2000, are distributed to shareholders by type of account as listed below with comparative figures at December 31, 1999.

	December 31, 2000			December 31, 1999		
	Market Value	%	Number of Investors	Market Value	%	Number of Investors
Retirement Savings Plan	$ 3,520,306	66.9	113	$ 4,320,765	69.8	128
Regular Accounts	1,741,608	33.1	100	1,869,189	30.2	127
	$ 5,261,914	100.0	213	$ 6,189,954	100.0	255

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management of the Saskatchewan Development Fund Corporation has prepared the financial statements of the Saskatchewan Development Fund (the Fund) in accordance with Canadian generally accepted accounting principles in Canada, consistently applied, using managements best estimates and judgements where appropriate. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which these financial statements were prepared.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfil this responsibility, the Fund maintains appropriate systems of internal controls, policies and procedures to provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Fund.

As appointed by Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan, E. J. C. Dudley & Co., the Fund's external auditors, have reviewed the systems of internal control and examined the financial statements in accordance with generally accepted auditing standards in Canada to enable them to express their opinion on the financial statements. Their report appears on the following page.

The financial statements have been examined and approved by the Board of Directors.

On behalf of the Saskatchewan Development Fund,

Don Axtell
General Manager
Saskatchewan Development Fund Corporation

February 8, 2001

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of assets and liabilities of the Saskatchewan Development Fund as at December 31, 2000 and the statements of change in net assets and realized gain on sale of investments and operations for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Development Fund as at December 31, 2000 and the results of its operations and the changes in net assets for the year then ended in accordance with accounting principles generally accepted in Canada.

Regina, Canada
January 31, 2001

Chartered Accountants

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF ASSETS AND LIABILITIES

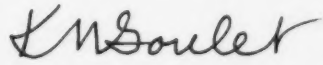
As at December 31

	2000	1999
ASSETS		
Investments at market value (Note 3)	$ 4,338,360	$ 4,891,706
Cash and short-term investments (Note 4)	1,035,438	1,323,729
Interest receivable	48,556	53,525
Dividends receivable	1,737	1,734
Due from Saskatchewan Development Fund Corporation	15,319	5,687
	5,439,410	6,276,381
LIABILITIES		
Payable for shares redeemed	173,360	71,942
Other accounts payable	4,136	14,485
	177,496	86,427
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY (Note 6)	$ 5,261,914	$ 6,189,954
541,016 shares (1999 - 680,849 shares) (Notes 5 & 6)		
NET ASSET VALUE PER SHARE (Note 7)	$ 9.73	$ 9.09

(See accompanying notes)

On behalf of the Board:

_____, Director



_____, Director

SASKATCHEWAN DEVELOPMENT FUND

STATEMENTS OF CHANGE IN NET ASSETS AND REALIZED GAIN ON SALE OF INVESTMENTS

For the Year Ended December 31

	2000	1999
CHANGE IN NET ASSETS		
Net assets at beginning of year	$ 6,189,954	$ 7,613,784
Net earnings for the year	223,676	246,050
Net realized gain on sale of investments	383,942	154,466
Net unrealized appreciation (depreciation) of investments	9,980	(149,723)
	6,807,552	7,864,577
Less:		
Amounts paid for shares redeemed	1,545,638	1,674,623
Net assets at end of year	$ 5,261,914	$ 6,189,954
Net asset value per share	$ 9.73	$ 9.09
REALIZED GAIN ON SALE OF INVESTMENTS		
Proceeds from sale of investments	$ 9,567,278	$ 15,177,806
Cost of investments sold during the year*	9,183,336	15,023,340
Realized gain on sale of investments	$ 383,942	$ 154,466
***Cost of Investments Sold During the Year**		
Cost of investments at beginning of year	$ 4,633,172	$ 5,917,681
Cost of investments purchased during the year	8,620,010	13,738,831
	13,253,182	19,656,512
Cost of investments at end of year	4,069,846	4,633,172
Cost of investments sold during the year	$ 9,183,336	$ 15,023,340

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF OPERATIONS

For the Year Ended December 31

	2000	1999
Revenue		
Interest	$ 276,676	$ 310,447
Dividends	16,985	16,707
	293,661	327,154
Expenses (Note 8)		
Management fees (Note 9)	45,721	59,982
Investment management fees	4,646	5,317
Custodial fees	19,618	15,805
	69,985	81,104
Net earnings for the year	$ 223,676	$ 246,050
Net earnings per share (in cents)	36.6	33.5

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

1. Significant Accounting Policies

Valuation of investments

The Saskatchewan Development Fund's investments are recorded at market value determined as follows:

Securities listed on a recognized public exchange are valued at their closing sale price on the valuation date.

Securities not traded on that date are valued at a price between the latest closing recorded asked and bid prices.

Securities not listed upon any exchange are valued in the same manner as above based upon any available public quotation in common use or at a price estimated to be the fair value thereof.

Fair Value

Cash, short-term investments, interest receivable, dividends receivable, due to (from) Saskatchewan Development Fund Corporation, other payables, and payable for shares redeemed are valued at cost which approximates their fair market value.

Investment transactions and income

Investment transactions are accounted for on the settlement date. Interest income is accrued monthly and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated in accordance with the average cost method.

2. Status of the Fund

The Saskatchewan Development Fund (the Fund) was established as an open-end investment trust in 1974 pursuant to **The Saskatchewan Development Fund Act** and is managed under the auspices of the Saskatchewan Development Fund Corporation (SDFC) which performs the duties of trustee, custodian and manager for the Fund. On July 15, 1983, the Fund discontinued the sale of new shares and became a "discontinued open-end" investment trust.

3. **Investments**

Description	Rate	Maturity Date	Cost	Market Value
Federal, Provincial and Municipal Bonds				
British Columbia	5.250%	Dec. 1, 2006	$ 15,309	$ 15,725
British Columbia	6.375%	Aug. 23, 2010	9,959	10,402
British Columbia	6.000%	Jun. 9, 2008	20,970	20,340
British Columbia	6.350%	Jun. 18, 2031	25,865	26,628
British Columbia	5.700%	Jun. 18, 2029	31,276	33,786
British Columbia	8.500%	Aug. 23, 2013	9,425	9,792
Canada	5.500%	Sep. 1, 2002	408,547	410,431
Canada	5.750%	Jun. 1, 2029	233,211	233,472
Canada	6.000%	Sep. 1, 2005	397,875	409,343
Canada	11.250%	Jun. 1, 2015	90,766	93,240
Canada	5.000%	Sep. 1, 2004	126,210	128,635
Canada	6.000%	Jun. 1, 2011	241,695	250,233
Canada	10.750%	Oct. 1,2009	80,045	81,660
Canada	9.000%	Jun. 1, 2025	113,776	115,587
Manitoba	5.750%	Jun. 2, 2008	98,867	101,000
Manitoba	5.500%	Nov. 15, 2018	17,775	18,751
New Brunswick	6.000%	Dec. 27, 2017	94,051	95,836
New Brunswick	8.750%	Apr. 19, 2005	55,003	51,405
Newfoundland	6.550%	Oct. 17, 2030	15,782	16,340
Nova Scotia	6.400%	Sep. 1, 2010	8,103	8,218
Ontario	7.750%	Jul.24, 2006	81,329	81,585
Ontario	6.500%	Mar. 8, 2029	8,612	8,400
Ontario	8.000%	Mar. 11, 2003	39,928	37,908
Ontario	6.200%	Nov. 19, 2009	39,364	41,280
Quebec	6.500%	Dec. 1, 2005	44,858	45,606
Quebec	6.500%	Oct. 1, 2007	47,721	47,863
Quebec	6.000%	Oct. 1, 2029	18,986	19,110
Quebec Hydro	6.500%	Feb. 15, 2011	24,273	24,939
Quebec Finance Corp	6.250%	Dec. 1, 2015	20,917	21,212
Saskatchewan	5.750%	Mar. 5, 2029	10,934	11,298
Saskatchewan	5.550%	Jun. 2, 2008	28,845	28,532
Saskatchewan	6.000%	Jun. 1, 2006	17,994	18,323
			2,478,271	2,516,880

3. **Investments (continued)**

Description	Rate	Maturity Date	Cost	Market Value
Corporate Debentures				
407 International	6.900%	Dec. 17, 2007	$ 25,354	$ 26,130
Associated Capital	5.550%	Jun. 2, 2003	49,878	49,805
Bank of Nova Scotia	5.650%	Jul. 22, 2013	4,976	4,823
Bank of Nova Scotia	7.310%	Dec. 31, 2010	7,000	7,208
Bell Canada	6.000%	May 1, 2003	11,000	11,068
Canada Trust	5.375%	Apr. 1, 2002	24,953	25,020
Canada Trust	5.125%	Nov. 1, 2002	23,878	24,108
Canada Trust	4.875%	Feb. 1, 2002	15,193	15,435
Canada Trust	6.000%	Sep. 13, 2004	43,893	44,469
Canadian Pacific	6.650%	Jun. 1, 2005	9,980	10,099
Canadian Tire Corp.	5.700%	Jun. 9, 2008	15,948	14,627
Chrysler Credit	5.630%	Mar. 25, 2003	39,680	39,320
CIBC Visa	5.510%	Jun. 21, 2003	16,000	15,969
Citibank Canada	5.800%	Jul. 23, 2004	9,989	9,989
Citibank Canada	6.400%	Jul. 28, 2003	14,985	15,280
Citibank Canada	6.550%	Jul. 28, 2005	14,987	15,417
Coca Cola	6.700%	Jul. 24, 2003	11,999	12,214
Export Dev. Corp.	6.200%	Jun. 22, 2010	30,288	31,057
Ford Credit	5.640%	Apr. 23, 2003	47,000	46,276
Ford Credit Canada	6.650%	Jun. 20, 2005	8,995	8,994
Genesis Trust	6.869%	Feb. 15, 2005	10,000	10,388
Genesis Trust	6.428%	Nov. 15, 2003	18,000	18,373
GMAC	5.500%	Apr. 1, 2002	21,944	21,843
Greater Toronto Airport	6.450%	Jul. 30, 2029	17,958	16,999
Greater Toronto Airport	6.700%	Jul. 19, 2010	11,984	12,331
Greater Toronto Airport	5.950%	Dec. 3, 2007	49,922	49,842
Hart Honda	6.423%	Mar. 14, 2002	10,000	10,093
Hollis Trust	6.205%	Sep. 21, 2004	5,000	5,079
Merrill Lynch	6.750%	Sep. 15, 2010	8,998	9,210
Nav Canada	6.600%	Dec. 1, 2006	30,789	30,283
Nova	6.000%	Jan. 31, 2008	29,795	29,221
RBC Capital	7.288%	Jun. 30, 2010	13,000	13,436
Royal Bank	6.750%	Jun. 4, 2007	42,892	41,481
Royal Bank	7.100%	Jan. 25, 2010	4,103	4,215
TD Bank	6.550%	Jul. 31, 2007	18,977	19,524
TD Bank	7.600%	Dec. 31, 2009	9,000	9,477
			728,338	729,103

3. **Investments (continued)**

Equities

	Cost	Market Value
Abitibi Consolidated (1,674 common shares)	$ 10,045	$ 23,101
AGF Management Ltd. (680 Class B shares)	17,155	16,660
Alberta Energy (410 common shares)	22,345	29,438
Anderson Exploration (800 common shares)	21,592	27,240
Bank of Montreal (520 common shares)	36,738	40,872
Bank of Nova Scotia (1,580 common shares)	58,372	68,256
Barrick Gold (930 common shares)	24,349	22,887
Bombardier Inc. (2,900 Class B shares)	17,020	67,135
C-MAC Industries Inc. (520 common shares)	7,780	34,840
CAE Inc. (990 common shares)	19,330	24,156
Cameco Corporation (1,235 common shares)	35,739	32,419
Cdn. National Railway (810 common shares)	32,747	35,923
Cdn. Natural Resources (870 common shares)	18,764	36,105
Celestica Inc. (340 sub voting shares)	8,617	27,540
Dofasco Inc. (730 common shares)	19,363	14,673
Domtar Inc. (1,540 common shares)	26,685	20,867
Enerflex Systems Ltd. (420 common shares)	14,621	13,020
GSII Lumonics (530 common shares)	14,137	6,413
Intertape Polymer (610 common shares)	18,263	6,710
IPSCO Inc. (1,105 common shares)	24,133	15,083
Loblaws Ltd. (560 common shares)	11,432	28,280
Magna International Inc. (470 Class A shares)	39,483	29,563
Micrologix BioTech (1,420 common shares)	15,617	8,236
Mitel Corp. (750 common shares)	26,631	9,075
Noranda Inc. (1,250 common shares)	22,187	18,687
Nortel Networks (973 common shares)	11,821	46,947
North West Co. Inc. (650 Trust Units)	7,545	7,508
Penn West Pete (1,030 common shares)	27,792	38,522
Petro Canada (1,170 common shares)	21,065	44,636
Power Corporation of Canada (900 common shares)	26,190	33,300
Power Financial Corporation (830 common shares)	13,136	28,926
Quebecor World (980 common shares)	33,611	36,848
Royal Bank (1,540 common shares)	45,830	78,309
Royal Plastic Group (520 sub voting shares)	15,972	9,750
Sears Canada (1,120 common shares)	29,212	24,136
Talisman Energy Inc. (700 common shares)	26,030	38,955
Toronto Dominion Bank (1,090 common shares)	41,888	47,361
	863,237	1,092,377
Total Investments	$ 4,069,846	$ 4,338,360

4. Short-term Investments

Short-term investments consist of Government of Canada treasury bills and commercial bank deposits due on or before December 6, 2001, and carry an average interest rate of 5.82%.

5. Taxation

The Fund qualifies as a mutual fund trust under **The Income Tax Act** and is fully registered to administrate four types of equity accounts. These are registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and regular shareholder accounts.

6. Shareholders' Equity

a) Shareholders' equity includes the amounts representing the shareholders' net initial investments, reinvested earnings, realized gains or losses on sale of investments and unrealized appreciation or depreciation of investments.

b) The shares of the Fund are redeemable at the option of the holder in accordance with the provisions of **The Saskatchewan Development Fund Act** and with respect to the taxation status of the shareholder's account. The Fund is now a "discontinued open-end" investment trust and has taken on no new contributions since July 15, 1983, except where contractual arrangements had been made prior to July 15, 1983.

7. Net Asset Value per Share

The net asset value per share as at the end of the years indicated was as follows:

	Year ended December 31				
	2000	**1999**	**1998**	**1997**	**1996**
Net asset value per share	$ 9.73	$ 9.09	$ 9.07	$ 8.83	$ 8.25

8. Expense Ratio

The following is the ratio of all expenses of the Fund, expressed as a percentage of the average of the net assets calculated for the purpose of the redemption of shares of the Fund, as at each valuation date of the Fund:

	Year ended December 31				
	2000	**1999**	**1998**	**1997**	**1996**
Expense ratio	1.19%	1.22%	1.15%	1.01%	0.98%

9. Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1¼% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market under normal trade terms. These transactions and amounts outstanding at year end are as follows:

Category (as per financial statements)	2000	1999
Interest receivable	$ 435	$ 765
Interest income	7,545	11,063
Net realized (loss) gain on disposal	(6,790)	443

Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.